



DEPARTMENT OF THE TREASURY

United States Mint

31 CFR Part 100

Redemption Rates and Procedures

AGENCY: United States Mint, Treasury.

ACTION: Notice of proposed rulemaking with request for comment.

SUMMARY: The United States Mint proposes to amend Treasury regulations relating to the exchange of uncurrent, bent, partial, fused, and mixed coins. The proposed amendments aim to update redemption rates and procedures, as well as to resolve an apparent contradiction in the current regulation.

DATES: Comments on the proposed rule must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]

ADDRESSES: The United States Mint invites comments on all aspects of this proposed rule. In accordance with the eRulemaking Initiative, the Department of the Treasury publishes rulemaking information on www.regulations.gov. Regulations.gov offers the public the ability to comment on, search, and view publicly available rulemaking materials, including comments received on rules.

Comments on this rule must be submitted using only the following methods:

- Federal eRulemaking Portal: www.regulations.gov. Follow the instructions on the Website for submitting comments.

- Mail: United States Mint; Office of Chief Counsel; 801 9th Street, N.W.; Washington, D.C. 20220.
- Hand Delivery/Courier: Same as mail address.

FOR FURTHER INFORMATION CONTACT: Daniel P. Shaver, Chief Counsel, Office of Chief Counsel, United States Mint, at (202) 354-7600 or dshaver@usmint.treas.gov

SUPPLEMENTARY INFORMATION:

I. Background

The Treasury Regulations appearing at 31 CFR part 100, subpart C, are promulgated under 31 U.S.C. 5120, and provide for the exchange of uncurrent, bent, partial, fused, and mixed coins. The last amendment to 31 CFR part 100, was on August 23, 1999 (64 FR 39919, July 23, 1999). Since then, the United States Mint has identified portions of the regulation in need of revision to update redemption rates and procedures, and to resolve an apparent contradiction in the regulation. In accordance with Executive Order 13563, appearing at 76 FR 3821 (January 21, 2011), the United States Mint proposes to amend the regulation to improve its consistency and accuracy.

The first category of proposed significant amendments relates to the redemption rates for uncurrent coins (31 CFR 100.10) and bent and partial coins (31 CFR 100.11) that have been withdrawn from circulation. For uncurrent coins, the proposed rule clarifies the procedure for

redemption by instructing the public to deposit the uncurrent coins with a financial institution that will accept them, or with a depository institution that has a direct relationship with a Federal Reserve Bank. The proposed amendment also makes clear that a Federal Reserve Bank will redeem uncurrent coins based on the policies described in the Federal Reserve's Operating Circular 2.

For redemption of bent and partial coins, the proposed rule updates the redemption rates of certain coins to reflect current values and compositions of coins being redeemed. For example, in the current regulation, the rate for one-cent coins is \$1.4585 per pound; this rate was derived from the weight of brass one-cent coins (3.11 grams or 0.1097 ounces each), which the United States Mint has not minted and issued since 1982. The weight of the current copper-plated zinc one-cent coins (2.50 grams or 0.0882 ounces each), however, makes their redemption rate \$1.8100 per pound. The proposed rule revises the redemption rate for unmixed quantities of these copper-plated zinc one-cent coins.

The second category of proposed amendments resolves an apparent contradiction in the existing regulation. As currently drafted, 31 CFR 100.12(b) states, "The United States Mint will not accept fused or mixed coins for redemption." 31 CFR 100.12(d), however, states, "Fused and mixed coins will be redeemed only at the United States Mint, P.O. Box 400, Philadelphia, PA 19105." The issue of whether the United States Mint should accept fused and mixed coins for redemption was the subject of the 1999 amendment to 31 CFR part 100. At that time, the United States Mint notified the public, at 64 FR 4063 (January 27, 1999), of its intention to discontinue acceptance of fused and mixed coins for redemption because the bureau ordinarily cannot reliably

ascertain the value of, nor use mechanical methods of destruction or reclamation on, deliveries containing coins of mixed alloy categories. To resolve this apparent contradiction and clarify the intended meaning of the 1999 amendment, which became effective on August 23, 1999, the United States Mint proposes to amend 31 CFR 100.12 to eliminate any suggestion that the bureau will accept fused or mixed coins for redemption.

II. Procedural Analysis

Regulatory Planning and Review

The proposed rule does not meet the criteria for a “significant regulatory action” as defined in Executive Order 12866.

Regulatory Flexibility Act Analysis

It is hereby certified that the proposed rule will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. Although the United States Mint does not maintain records that consistently indicate the business or personal nature of the transactions conducted by individuals or entities tendering coins for redemption, the majority of coins presented for redemption were submitted by individuals transacting with the United States Mint in their own names. Even if each such individual were a “small entity” within the meaning of 5 U.S.C. 604(a), the United States Mint does not believe that the quantity of coin redemption transactions indicates that the proposed amendment will have a significant economic impact on a substantial number of small entities.

III. Request for Comment

Before the proposed amendments to the Treasury Regulations at 31 CFR part 100, subpart C, are adopted as final regulations, the United States Mint will consider any comments that are submitted timely to the bureau as prescribed in this preamble under the “Addresses” heading. The United States Mint and the Department of the Treasury request comments on all aspects of the proposed amendments.

IV. Words of Issuance

For the reasons set forth in the preamble, the United States Mint proposes to amend 31 CFR part 100 substantially as follows:

PART 100—EXCHANGE OF PAPER CURRENCY AND COIN

1. The authority citation for part 100 continues to read as follows:

AUTHORITY: 31 U.S.C. 321.

Subpart C—Exchange of Coin

2. In § 100.10, revise paragraphs (b), (c) and (d) to read as follows:

§ 100.10 Exchange of uncurrent coins.

* * * * *

(b) *Redemption basis.* Members of the public wishing to redeem uncurrent coins must deposit the uncurrent coins with a bank or other financial institution that will accept them, or with a depository institution that has established a direct customer relationship with a Federal Reserve Bank. A Federal Reserve Bank will redeem uncurrent coins, based on the policies described in the Federal Reserve's Operating Circular 2.

(c) *Criteria for acceptance.* Depository institutions that redeem uncurrent coins must sort the coins by denomination into packages in accordance with the Federal Reserve's Operating Circular 2. The Federal Reserve Banks reserve the right to reject any shipment containing objects that are not U.S. coins or any contaminant that could render them unsuitable for coinage metal.

(d) *Redemption sites.* The Federal Reserve Banks and branches listed in § 100.17 are the only authorized redemption sites at which a depository institution that has established a direct customer relationship with a Federal Reserve Bank may redeem uncurrent coins.

3. In § 100.11, revise paragraphs (b) and (c) and add paragraph (d) to read as follows:

§ 100.11 Exchange of bent and partial coins.

* * * * *

(b) *Redemption basis*—(1) *Generally.* Persons wanting to redeem bent or partial coins shall separate them by denomination in lots of at least one pound for each denomination. The United

States Mint will redeem bent and partial coins on the basis of their weight and denomination at the following rates:

(A) One-Cent Coins: \$1.4585 per pound.

(B) 5-Cent Coins: \$4.5359 per pound.

(C) Dime, Quarter-Dollar, and Half-Dollar Coins: \$20.00 per pound.

(D) \$1 Coins: \$56.00 per pound.

(2) *Exceptions.* (A) The United States Mint will redeem copper-plated zinc one-cent coins (one-cent coins inscribed with a year after 1982) at the face-value equivalent of brass one-cent coins (generally, one-cent coins inscribed with a year before 1983) unless the copper-plated zinc one-cent coins are presented unmixed. The United States Mint will redeem unmixed copper-plated zinc one-cent coins at \$1.8100 per pound.

(B) The United States Mint will redeem unmixed \$1 coins inscribed with a year before 1979 at \$20.00 per pound.

(c) *Criteria for acceptance.* Persons wanting to redeem bent and partial coins must sort the coins by denomination into packages of not less than one pound each and ship the packaged coins, at the person's expense and risk of loss, to the authorized redemption site. The United States Mint

reserves the right to reject any shipment containing objects that are not U.S. coins or any contaminant that could render them unsuitable for coinage metal.

(d) *Redemption site.* The United States Mint at Philadelphia, P.O. Box 400, Philadelphia, PA 19105, is the only authorized redemption site for bent and partial coins.

4. In § 100.12, remove paragraphs (c) and (d).

Dated: July 2, 2014.

Beverly Ortega Babers
Chief Administrative Officer
United States Mint

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